

## Message Text

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ORIGIN EB-08

INFO OCT-01 EUR-12 EA-10 IO-13 ISO-00 COME-00 LAB-04  
SIL-01 STR-07 AGRE-00 CIAE-00 INR-10 NSAE-00  
SP-02 TRSE-00 FRB-03 OMB-01 /072 R

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COMMERCE - EGOTTFRIED  
LABOR - EHABBERTON  
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-----119757 110431Z /70  
P R 102317Z PEB 78  
FM SECSTATE WASHDC  
TO AMEMBASSY BELGRADE PRIORITY  
INFO USMISSION GENEVA  
AMCONSUL HONG KONG

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GENEVA FOR PHELAN, HONG KONG FOR US TEX. DEL.

E.O. 11652:N/A

TAGS: ETRD, YO

SUBJECT: TEXTILES - YUGOSLAV EXPORTS OF WOOL SUITS.

1. YUGOSLAVIA AND THE US EXCHANGED NOTES ON FEB. 14, 1976,  
REPLACING A QUANTATIVE RESTRAINT AGREEMENT DEALING WITH  
YUGOSLAV TEXTILE EXPORTS TO THE US WITH AN AGREEMENT  
WHICH PERMITS THE US TO REQUEST CONSULTATIONS IF AND WHEN  
YUGOSLAVIAN TEXTILE EXPORTS DEVELOP SO AS TO CAUSE OR  
THREATEN MARKET DISRUPTION IN THE US. THE PURPOSE OF SUCH  
CONSULTATIONS IS TO ARRIVE AT AN EARLY SOLUTION ON MUTUALLY  
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SATISFACTORY TERMS.  
2. DURING 1977, US GENERAL IMPORTS OF MENS AND BOYS  
WOOL SUITS FROM YUGOSLAVIA WERE 72,560 UNITS. OUR  
GENERAL IMPORTS OF THE SAME PRODUCT FROM YUGOSLAVIA DURNG  
PRECEDING YEARS WERE: 1973 - 17,099 UNITS, 1974 - 24,798  
UNITS, 1975 - 1,317 UNITS, AND 1976 - 21,664 UNITS.

YUGOSLAV SUITS DURING RECENT MONTHS OF 1977 HAVE UNIT  
VALUE OF 48.75 DOLLARS CIF.

3. OTHER MAJOR LOW COST SUPPLIERS (WITH PRELIMINARY  
1977 US GENERAL IMPORTS IN PARENTHESES) ARE: COLOMBIA

(97,620), POLAND (133,896), ROMANIA (82,944), KOREA  
(242,856) AND HONG KONG (52,092). ALL OF THESE SUPPLIERS  
EXCEPT HONG KONG HAVE AGREED TO RESTRAIN THEIR ANNUAL  
SHIPMENTS OF THESE SUITS TO SPECIFIC LEVELS. POLAND HAS  
AGREED TO LIMIT ITS 1978 SHIPMENTS OF MENS WOOL SUITS AND  
MENS AND WOMENS SUITS OF MAN-MADE FIBER TO A TOTAL OF  
151,500 UNITS. ROMANIA AGREED TO 1978 LIMIT, FOR MENS  
WOOL SUITS ALONE, OF 88,022 UNITS. ROMANIAN AGREEMENT WAS  
PRECEDED BY UNILATERAL US RESTRAINT AT ANNUAL LEVEL OF  
82,500 UNITS, IMPOSED DURING DECEMBER 1976. HONG KONG  
IS SUBJECT TO CONSULTATION PROCEDURE IN WHICH US CAN  
SET LEVEL OF EXPORTS. FYI: WE ARE NOW DISCUSSING SUIT  
SHIPMENT LEVELS WITH HONG KONG END FYI. EUROPEAN  
COMMUNITY SHIPMENTS TO US ARE SIZEABLE; US IMPORTS FROM  
EC AS WHOLE WERE 517,116 UNITS DURING 1977, OF WHICH  
FRANCE ACCOUNTED FOR 319,284 AND ITALY 88,968. HOWEVER,  
EUROPEAN COUNTRIES ARE RELATIVELY HIGH COST SUPPLIERS.  
-SAMPLING OF UNIT COST FIGURES ARE: US - 84 DOLLARS,  
YUGOSLAVIA - 48 DOLLARS, HONG KONG - 46 DOLLARS, URUGUAY  
- 59 DOLLARS, EEC (AS WHOLE) - 71 DOLLARS, FRANCE - 65  
DOLLARS, AND KOREA - 50 DOLLARS.  
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4. WOOL PRODUCTS GENERALLY AND WOOL SUITS IN PARTICULAR

ARE AMONG THE MOST SENSITIVE OF ALL TEXTILE IMPORTS.  
US DOMESTIC INDUSTRY AND LABOR UNIONS KEEP VERY CLOSE  
WATCH ON IMPORTS OF THESE PRODUCTS; THEY ARE AWARE OF  
THE LEVEL OF YUGOSLAV SHIPMENTS OF SUITS AND HAVE  
EXPRESSED GREAT CONCERN ABOUT RECENT RATE OF  
INCREASE. US ALSO HAS EQUITY OBLIGATION TO RESTRAINED  
COUNTRIES, INCLUDING HONG KONG, COLOMBIA, ROMANIA AND  
POLAND.

5. IN VIEW OF BOTH LOW UNIT COST OF YUGOSLAV SUITS AND  
SHARP JUMP IN 1977 IMPORTS, IT IS NECESSARY TO AVOID  
PROBLEMS WHICH SUCH IMPORTS MAY CAUSE IN US, PARTICULARLY  
IF RAPID GROWTH CONTINUES. WITH TITO VISIT JUST MONTH  
AWAY, WE ARE AWARE OF THE SENSITIVE TIMING OF ANY  
APPROACHES TO GOY WHICH SUGGEST POSSIBILITY OF RESTRAINTS  
ON YUGOSLAV EXPORTS TO THIS MARKET. NEVERTHELESS, IT IS  
IMPORTANT THAT WE HEAD OFF MORE SERIOUS PROBLEMS IN OUR  
RELATIONS WHICH COULD EASILY BE CAUSED BY STRONG (AND

INCREASING) DOMESTIC CONCERN ABOUT IMPORTS OF YUGOSLAV  
WOOL SUITS. FOR EMBASSY'S INFORMATION, WE WILL CALL  
IN YUGOSLAV ACTING ECONOMIC/COMMERCIAL COUNSELOR NEXT  
WEEK TO EXPLAIN OUR CONCERNS AND REQUEST THAT  
YUGOSLAVIA PROVIDE US WITH INFORMATION  
ON THEIR EXPORT PLANS FOR WOOL SUITS FOR 1978 AND  
FOLLOWING YEAR OR SO. ON THE BASIS OF THIS INFORMATION,

WASHINGTON AGENCIES COULD THEN DECIDE ON NEED FOR MORE  
FORMAL CONSULTATIONS AS PROVIDED IN EXCHANGE OF NOTES.  
HOWEVER, DURING MEETING WE WILL FORMALLY REQUEST  
CONSULTATIONS UNDER 1976 AGREEMENT; OUR PURPOSE IN  
SEEKING CONSULTATIONS IS TO REQUEST YUGOSLAV COOPERATION  
IN ELIMINATING PRESENT CONCERNS ON MUTUALLY ACCEPTABLE  
BASIS AND AVOIDING POSSIBLE MORE SERIOUS PROBLEM IN  
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FUTURE. FORM AND TIMING OF ANY FUTURE CONSULTATIONS  
ARE, OF COURSE, RELATED TO YUGOSLAV PLANS; YUGOSLAV  
DESIRES AS TO TIMING AND FORM WILL ALSO BE MAJOR  
DETERMINANT. WE DO NOT PLAN  
TO PUBLICIZE MEETING BUT IT WILL BE NECESSARY TO ADVISE  
CERTAIN INDUSTRY AND LABOR OFFICIALS OF THE TALKS. VANCE

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\*\*\* Current Handling Restrictions \*\*\* n/a

\*\*\* Current Classification \*\*\* LIMITED OFFICIAL USE

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** AGREEMENTS, CLOTHING, DIPLOMATIC NOTES, EXPORTS, TEXTILES, WOOL  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 10 feb 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
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**Disposition Date:** 20 Mar 2014  
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**TAGS:** ETRD, US, YO  
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